

January 14, 2022

VIA ELECTRONIC MAIL

Luly E. Massaro, Commission Clerk
Rhode Island Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

**RE: Docket 5189 – 2022 Annual Energy Efficiency Program Plan
National Grid’s Requested Approvals**

Dear Ms. Massaro:

On behalf of The Narragansett Electric Company d/b/a National Grid (“National Grid” or the “Company”), attached please find the electronic version of the Company’s requested approvals in the above-referenced docket.¹

Thank you for your attention to this filing. If you have any questions or concerns, please do not hesitate to contact me at 401-784-4263.

Sincerely,



Andrew S. Marcaccio

Enclosures

cc: Docket 5189 Service List
John Bell, Division
Margaret Hogan, Esq.
Jon Hagopian, Esq.

¹ Per the Commission’s request, the Company is providing one copy of this transmittal for the Commission’s file in this docket and six (6) copies, 3-hole punched for the Commission.

The Company respectfully requests that the PUC approve the following items:

- (1) To approve the 2022 Annual Energy Efficiency and Conservation Procurement Plan as filed by the Company on October 1, 2021, with the following modifications:
 - a. Removing the budget and proposal for RI Grows CHP and adopting the Alternative Base Plan, which is based on the electric budget and savings targets for the electric portfolio as submitted in the response to PUC 7-9 and the gas budget and savings target for the gas portfolio as submitted on October 1, 2021.
 - b. Replace the proposed performance incentive earning opportunity of \$7.2M (allocated as \$5.5M in the electric portfolio and \$1.7M in the gas portfolio) with the \$4.3M earnings opportunity (allocated as \$3,390,165 in the electric portfolio and \$1,000,000 in the gas portfolio) as described in the Division of Public Utilities and Carriers corrected memorandum entitled "RE: Determining Target Incentives for EE PIM", dated January 6, 2022, and as shown in the updated attached tables E-8C and G-8C.
 - c. Replace the economic multipliers that were filed by the Company on October 1, 2021 with the updated economic multipliers as set forth in the Company's memorandum entitled "Economic Multiplier Update and Updated E-5 Secondary Tables" submitted on January 6, 2022.
- (2) To continue utilization of the performance incentive mechanism approved via Order No. 24225 in Docket No. 5076 for the 2022 program plan year consistent with the recommendations made by the Division of Public Utilities and Carriers within its

corrected memorandum entitled "RE: Determining Target Incentives for EE PIM", dated January 6, 2022, including re-examining the earnings opportunity and payout rates on an annual basis.

- (3) To approve the Narragansett Electric Company's electric Energy Efficiency Program charge of \$0.1257/kWh for effect on and after February 1, 2022.
- (4) To approve the Narragansett Electric Company's gas Energy Efficiency Program charge of \$1.331/Dth for residential customers for effect on and after February 1, 2022.
- (5) To approve the Narragansett Electric Company's gas Energy Efficiency Program charge of \$0.858/Dth for commercial and industrial customers for effect on and after February 1, 2022.
- (6) To find that the Company's decision to continue to serve customers within the gas EnergyWise Single Family program was prudent and to permit cost recovery of the resulting overspend.
- (7) To approve the revision to Section 10.4 of the Company's 2022 Annual Energy Efficiency Plan (Bates 121 – 122) as reflected in the response to the December Hearing Record Request Number 4.

**Table E-1 - Alternate Base Plan
National Grid
Electric DSM Funding Sources in 2022 by Sector
\$(000)**

	Income Eligible Residential	Projections by Sector Non-Income Eligible Residential	Commercial & Industrial	Total
(1) Projected Budget (from E-2):	\$17,079.7	\$36,128.0	\$57,695.0	\$110,902.6
Sources of Other Funding:				
(2) Projected DSM Commitments at Year-End 2021:	\$0.0	\$0.0	\$0.0	\$0.0
(3) Projected Year-End 2021 Fund Balance and Interest:	(\$17.5)	(\$6,770.1)	\$13,236.9	\$6,449.3
(4) Projected FCM Net Revenue from ISO-NE:	\$479.2	\$5,690.2	\$8,083.2	\$14,252.7
(5) Total Other Funding:	\$461.7	(\$1,079.9)	\$21,320.1	\$20,702.0
(6) Customer Funding Required:	\$16,618.0	\$37,207.8	\$36,374.9	\$90,200.6
(7) Forecasted kWh Sales:	246,778,762	2,930,118,727	4,162,361,309	7,339,258,798
(8) Energy Efficiency Program charge per kWh, excluding uncollectible recovery:				\$0.01241
(9) Proposed SRP Opex Factor per kWh, excluding uncollectible recovery:				<u>\$0.00000</u>
(10) Total Proposed Energy Efficiency Charge per kWh, excluding uncollectible recovery:				\$0.01241
(11) Currently Effective Uncollectible Rate				1.30%
(12) Proposed Energy Efficiency Program Charge per kWh, including Uncollectible Recovery:				\$0.01257
(13) Currently Effective Energy Efficiency Program Charge per kwh				<u>\$0.01113</u>
(14) Proposed Adjustment to Reflect Fully Reconciling Funding Mechanism				\$0.00144

Notes:

- (1) Projected Budget from E-2 includes OER and EERMC costs allocated to each sector based on forecasted sales.
- (2) DSM Commitments are projects that are under construction with anticipated completion in 2022.
- (3) Fund balance projections include projected revenue and spend through year end with Income Eligible sector set to \$0 through projected subsidization from other sectors, minus commitments which are illustrated separately on line (2). The fund balance includes a \$124,135 credit from shareholder funds to the fund balance which the Company plans to make prior to February 1, 2022 based on the Company's response to PUC 5-4 part e. The fund balance also assumes a transfer of \$5,000,000 to the Rhode Island Infrastructure Bank (RIIB), approved in the 2021 Annual Plan, to be made in early 2022. Note that these funds have not yet been transferred to RIIB, however the Company anticipates, subject to PUC approval, transferring these funds given that the Company received a written request from RIIB on December 30, 2021, and is currently working with RIIB in order to ensure that all required documentation has been provided and is in order prior to completing the transfer.
- (4) The total projection of FCM revenue is allocated by kWh sales to each sector. FCM Revenue includes an estimated \$332,804 penalty. See prefiled testimony for additional details.
- (5) Line (2) + Line (3) + Line (4)
- (6) Line (1) - Line (5)
- (7) Per Company Forecast
- (8) Line (6) ÷ Line (7), truncated to 5 decimal places
- (9) Truncated to 5 decimal places
- (11) Proposed SRP Opex Factor is \$0.00000.
- (10) Line (8) + Line (9)
- (11) Uncollectible rate approved in Docket No 4770.
- (12) Line (10) ÷ (1-Line (11), truncated to 5 decimal places
- (13) Currently Effective EE Charge includes System Reliability Factor and uncollectible recovery.
- (14) Line (12) - Line (13)

Table E-8C - ATTACHMENT PUC 7-9-1
National Grid
2022 Electric PIM and SQA

Sector PI = min[Payout Cap(j), (Actual Net Benefits* Design Payout Rate(g) * Payout Rate Adjustment(i))]

Sector	Planned Eligible Benefits		Planned Eligible Costs	Planned Eligible Net Benefits (4)	Design Performance Achievement	Design Payout Rate	Design Payout Rate Thresholds	Payout Rate Adjustments	Payout Cap	Service Quality Metric	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
	100% Electric Utility System Benefits	50% Resource Benefits	Eligible Spending Budget + Regulatory Costs	=(a)+(b)-(c)	Net benefits at which design incentive pool is achieved	Set by PUC	=(f)/(e)	Achievement levels at which the Payout Rate Adjustments in (i) will be applied—Set by PUC	Factor to adjust Design Payout Rate for if final program achievement fall within the ranges in (h)—Set by PUC	=1.25*(f)	Yes if (d) ≤ 0; No if (d) >0
										Cap on sector payout regardless of achievement in sector	See Service Quality Table
Non-Income Eligible Residential	\$25,517,341	\$6,650,701	\$33,780,700	-\$1,612,658	\$2,000,000	\$500,000	25.00%	a. Achievement < 25%	a. 0.0	\$625,000	Yes
Income Eligible Residential	\$8,227,538	\$3,220,366	\$19,395,623	-\$7,947,718	\$2,000,000	\$500,000	25.00%	b. 25% ≤ Achievement < 50% c. 50% ≤ Achievement < 75% d. 75% ≤ Achievement • Spending > Planned Eligible Costs	b. Achievement/100 + 0.1 c. Achievement/100 + 0.25 d. 1.0 • See Boundary Rules	\$625,000	Yes
Commercial & Industrial	\$81,958,194	-\$1,255,057	\$48,073,478	\$32,629,659	\$32,629,659	\$3,390,165	10.39%			\$4,237,706	No

Sector SQA = Maximum Service Adjustment(e) * Service Achievement Scaling Factor(g)

	Planned Eligible Benefits		Planned Eligible Costs	Design Service Achievement	Maximum Service Adjustment	Service Adjustment Thresholds	Service Achievement Scaling Factors	Achievement Cost Adjustment
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
	100% Electric Utility System Benefits	50% Resource Benefits	Eligible Spending Budget + Regulatory Costs	=(a)+(b)	Maximum downward adjustment to earned incentive—Set by PUC	Adjusted Achievement levels at which the Service Adjustments in (e) will be applied; adjustment is calculated in (h)	Factor to scale program achievement that fall within the ranges in (f)	Actual-cost-based adjustment factor applied to achievement. Result is if the difference between achievement and cost variances are greater than 5%, the Actual Achievement will be adjusted for use in
Non-Income Eligible Residential	\$25,517,341	\$6,650,701	\$33,780,700	\$32,168,042	\$881,443	a. Adjusted Achievement < 65%	a. 1	Performance Variance = "Actual Benefits" / "Design Achievement" - "Spending" / "Planned Eligible Cost"
Income Eligible Residential	\$8,227,538	\$3,220,366	\$19,395,623	\$11,447,904	\$305,115	b. 65% ≤ Adjusted Achievement < 95%	b. (95-Adjusted Achievement)/30	If the absolute value (Performance Variance) ≤ 0.05, Then Adjusted Achievement = Actual Achievement Else Adjusted Achievement = Actual Achievement * (1+ Performance Variance)
Commercial & Industrial	\$81,958,194	-\$1,255,057	\$48,073,478	N/A	N/A	c. 95% ≤ Adjusted Achievement	c. 0	

**Table G-1
National Grid
Gas DSM Funding Sources in 2022 by Sector
\$(000)**

	<u>Projections by Sector</u>			Total
	Income Eligible Residential	Non-Income Eligible Residential	Commercial & Industrial	
(1) Projected Budget (from G-2):	\$9,370.3	\$15,531.0	\$11,122.0	\$36,023.4
Sources of Other Funding:				
(2) Projected Year-End 2021 Fund Balance and Interest:	(\$12.4)	(\$8,944.4)	\$2,859.3	(\$6,097.4)
(3) Total Other Funding:	(\$12.4)	(\$8,944.4)	\$2,859.3	(\$6,097.4)
(4) Customer Funding Required:	\$9,382.7	\$24,475.4	\$8,262.7	\$42,120.8
(5) Forecasted Firm Dth Volume	1,685,277	18,876,534	19,843,867	40,405,678
(6) Forecasted Non Firm Dth Volume			2,278,545	2,278,545
(7) Less: Exempt DG Customers			(1,244,516)	(1,244,516)
(8) Forecasted Dth Volume:	1,685,277	18,876,534	20,877,896	41,439,707
Average Energy Efficiency Program Charge per Dth				
(9) excluding Uncollectible Recovery:				\$0.000
(10) Proposed Energy Efficiency Program Charge per Dth excluding Uncollectible Recovery	\$1.306	\$1.306	\$0.842	
(11) Currently Effective Uncollectible Rate	<u>1.91%</u>	<u>1.91%</u>	<u>1.91%</u>	
(12) Proposed Energy Efficiency Program Charge per Dth, including Uncollectible Recovery:	\$1.331	\$1.331	\$0.858	
(13) Currently Effective Energy Efficiency Program Charge per Dth	\$0.871	\$0.871	\$0.596	
(14) Adjustment to Reflect Fully Reconciling Funding Mechanism	\$0.460	\$0.460	\$0.262	

Notes

(1) Projected Budget from G-2 includes OER and EERMC costs allocated to each sector based on forecasted volume.

(2) Fund Balance projections include projected revenue and spend through year-end with Residential and C&I sector subsidies applied to Income Eligible as detailed in the 2022 EE Plan Table G-1.

(10) The proposed EE program charges allow for the use of collections from one sector to fund energy efficiency services in other sectors that would otherwise not be supported with the proposed collection rates. The C&I charge includes collection of \$8.11 million of which \$4.14 million will be allocated to the low income sector and \$3.97 million to the residential sector.

(11) Uncollectible rate approved in Docket No. 4770.

Table G-8C
National Grid
2022 Gas PIM and SQA

Sector PI = min(Payout Cap(i), [Actual Net Benefits* Design Payout Rate(g) * Payout Rate Adjustment(i)])

Sector	Planned Eligible Benefits		Planned Eligible Costs	Planned Eligible Net Benefits (4)	Design Performance Achievement	Design Performance Payout	Design Payout Rate	Design Payout Rate Thresholds	Payout Rate Adjustments	Payout Cap	Service Quality Metric
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
	100% Gas Utility System Benefits	50% Resource Benefits	Eligible Spending Budget + Regulatory Costs	=(a)+(b)-(c)	Net benefits at which design incentive pool is achieved	Set by PUC	=(f)/(e)	Achievement levels at which the Payout Rate Adjustments in (i) will be applied—Set by PUC	Factor to adjust Design Payout Rate for if final program achievement fall within the ranges in (h)—Set by PUC	=1.25*(f)	Yes if (d) ≤ 0; No if (d) >0
										Cap on sector payout regardless of achievement in sector	See Service Quality Table
Non-Income Eligible Residential	\$10,522,162	\$464,590	\$15,382,029	-\$4,395,277	\$2,000,000	\$500,000	25.00%	a. Achievement < 25%	a.0.0	\$625,000	Yes
Income Eligible Residential	\$4,535,473	\$178,040	\$9,727,203	-\$5,013,690	\$2,000,000	\$500,000	25.00%	b. 25% ≤ Achievement < 50% c. 50% ≤ Achievement < 75% d. 75% ≤ Achievement • Spending > Planned Eligible Costs	b. Achievement/100 + 0.1 c. Achievement/100 + 0.25 d.0.0 •See Boundary Rules	\$625,000	Yes
Commercial & Industrial	\$18,273,327	\$220,617	\$9,667,297	\$8,826,647	\$8,826,647	\$1,000,000	11.33%			\$1,250,000	No

Sector SQA = Maximum Service Adjustment(e) * Service Achievement Scaling Factor(g)

	Planned Eligible Benefits		Planned Eligible Costs	Design Service Achievement	Maximum Service Adjustment	Service Adjustment Thresholds	Service Achievement Scaling Factors	Achievement Cost Adjustment
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
	100% Gas Utility System Benefits	50% Resource Benefits	Eligible Spending Budget + Regulatory Costs	=(a)+(b)	Maximum downward adjustment to earned incentive	Adjusted Achievement levels at which the Service Adjustments in (e) will be applied; adjustment is calculated in (h)	Factor to scale program achievement that fall within the ranges in (f)	Actual-cost-based adjustment factor applied to achievement. Result is if the difference between achievement and cost variances are greater than 5%, the Actual Achievement will be adjusted for use in
Non-Income Eligible Residential	\$10,522,162	\$464,590	\$15,382,029	\$10,986,752	\$330,000	a. Adjusted Achievement < 65%	a.0	Performance Variance = "Actual Benefits" / "Design Achievement" - "Spending" / "Planned Eligible Cost"
Income Eligible Residential	\$4,535,473	\$178,040	\$9,727,203	\$4,713,513	\$140,000	b. 65% ≤ Adjusted Achievement < 95%	b.0.95-Adjusted Achievement/30	If the absolute value (Performance Variance) ≤ 0.05, Then Adjusted Achievement = Actual Achievement Else Adjusted Achievement = Actual Achievement * (1+ Performance Variance)
Commercial & Industrial	\$18,273,327	\$220,617	\$9,667,297	N/A	N/A	c. 95% ≤ Adjusted Achievement	c.0	

Certificate of Service

I hereby certify that a copy of the cover letter and any materials accompanying this certificate was electronically transmitted to the individuals listed below.

The paper copies of this filing are being hand delivered to the Rhode Island Public Utilities Commission and to the Rhode Island Division of Public Utilities and Carriers.



Joanne M. Scanlon

January 14, 2022
Date

**Docket No. 5189 - National Grid – 2022 Annual Energy Efficiency Program
Service list updated 11/29/2021**

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